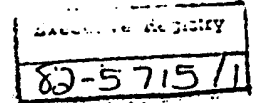


The Director of Central Intelligence

Washington, D. C. 20505



file 1.4.9

19 AUG 1982

The Honorable David A. Stockman
Director, Office of Management
and Budget
Washington, D. C. 20503

Dear Mr. Stockman:

I am concerned about the possible erosion of security that may result from contracting with private industry for certain intelligence-related tasks under the provisions of Office of Management and Budget Circular A-76. Senators Goldwater, Nunn and Warner expressed their concern to me on one particular case.

Intelligence Community security policy has always been to maintain government control over sensitive intelligence and to release to contractors only that information required to perform tasks beyond the capability of the government. I believe there are significant risks to national security in contracting out security services such as the operation of government communications centers and automated data services when this permits broad contractor access to all-source and other sensitive intelligence information.

My statutory responsibilities include the protection of intelligence sources and methods. Interpretation of Circular A-76 by departments and agencies to require contracting out security services as mentioned above could severely impede fulfillment of this responsibility. Therefore, I request that you caution Department and Agency Heads against contracting for services in cases where the government's control of sensitive intelligence will be substantially diminished or where contractor access to such data will be unnecessarily expanded.

Sincerely,

/S/ John N. McMahon
John N. McMahon
Acting Director

